

Message Text

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PAGE 01 STATE 151559

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FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES IMMEDIATE

C O N F I D E N T I A L STATE 151559

EXDIS

E.O. 11652: GDS

TAGS: PFOR, MILI, AR, MASS

SUBJECT: EMBASSY SUGGESTED ALTERNATIVES TO IMPOSING

SANCTIONS UNDER 620(A)(3)

1. DEPARTMENT SHARES EMBASSY'S CONCERN THAT IMPLEMENTATION OF SECTION 620(A)(3) COULD HAVE SERIOUS ADVERSE EFFECTS ON US-GOC RELATIONS. WE ALSO WELCOME EMBASSY'S EFFORTS TO SUGGEST ALTERNATIVES WHICH MIGHT MITIGATE THESE EFFECTS. UNFORTUNATELY, MOST ALTERNATIVES WE HAVE EXAMINED ARE NOT FEASIBLE.

2. USE OF FMS CREDIT IS PERMISSIBLE FOR TRAINING, AND WE WILL BE REVIEWING WITH DOD PROCEDURES WHICH WOULD BE REQUIRED TO SET UP A TRAINING PROGRAM ON THIS BASIS. LEADER GRANTS AND EXCHANGE PROGRAMS ARE NOT UNDER FAA AND THUS ARE NOT AFFECTED BY 620(A)(3), BUT ARE NOT AVAILABLE FOR MILITARY TRAINING. WE ASSUME BY "COMMANDER DISCRETIONARY FUNDS" YOU ARE REFERRING TO SECRETARY OF DEFENSE'S CONTINGENCY FUND. DOD HAS GREAT FLEXIBILITY IN USE OF THESE FUNDS, BUT WE DOUBT IT WOULD BE CONSIDERED ADVISABLE TO USE
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PAGE 02 STATE 151559

THEM IF OTHERWISE AVAILABLE, TO PROVIDE TRAINING SPECIFIC-

ALLY BARRED BY PROVISION OF FAA.

3. DEPARTMENT BELIEVES THAT FINDING THAT ARGENTINA IS A DEVELOPED COUNTRY UNDER SECTION 620(M) OF THE FAA WOULD RAISE EXTREMELY SERIOUS POLITICAL ISSUES AND IN THE END WOULD CREATE MORE PROBLEMS THAN IT WOULD RESOLVE. FOR MAP AND FMS PURPOSES THE TRADITIONAL CRITERION IS THE INTEREST EQUALIZATION TAX LIST; THIS WOULD REQUIRE A PRESIDENTIAL FINDING. A FINDING THAT ARGENTINA WAS DEVELOPED WOULD HAVE SERIOUS IMPLICATIONS FOR OTHER COUNTRIES IN LATIN AMERICA SUCH AS VENEZUELA, BRAZIL, MEXICO, ETC. WERE A DETERMINATION TO BE MADE IT WOULD NOT BE EASILY REVERSIBLE UNLESS THE BASIC ECONOMIC CRITERIA ON WHICH IT IS BASED WERE TO CHANGE. MOREOVER, SUCH A FINDING, UNDER LONG-STANDING USG POLICY, WOULD MAKE ARGENTINA INELIGIBLE FOR FMSCREDITS. WHILE ARGENTINA WOULD BE ELIGIBLE FOR EX-IM LOANS ONCE FINDING MADE, TERMS OF SUCH LOANS ARE LESS ADVANTAGEOUS AS FMS CREDITS. DETERMINATION WOULD PROBABLY HAVE IMPLICATIONS IN OTHER AREAS, E.G., TAX TREATMENT OF FOREIGN INVESTMENT.

4. FINALLY, FINDING UNDER 620(M) WOULD NOT SOLVE PRINCIPAL PROBLEM OF CONTINUED MAP TRAINING. 620(M) SPECIFICALLY PERMITS EXTENSION OF ORIENTATION AND TRAINING EXPENSES UP TO \$500,000 PER YEAR, A CATEGORY WHICH INCLUDES MAP TRAINING. HOWEVER, WE WOULD STILL BE PRECLUDED FROM FURNISHING SUCH TRAINING UNDER PROVISIONS OF 620(A)(3), A FACT WHICH GOA COULD BE EXPECTED TO DISCOVER EVENTUALLY.

5. DEPARTMENT WILL CONTINUE URGENT EFFORTS TO EXPLORE OTHER POSSIBLE ALTERNATIVES. KISSINGER

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